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No. 10-1161

Supreme Court, U.S.
FILED
APR 18 2011
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IN THE

Supreme Court of the United States

HOWMEDICA OSTEONICS CORP.,

Petitioner,

v.

ZIMMER, INC. AND CENTERPULSE ORTHOPEDICS, INC. (FORMERLY KNOWN AS SULZER ORTHOPEDICS, INC.), AND SMITH & NEPHEW, INC.,

Respondents.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

REPLY BRIEF

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RULE 29.6 STATEMENT

Petitioner states that it previously submitted a Rule 14(B) and 29.6 Statement in its Petition For A Writ of Certiorari. Petitioner has no amendments to that Statement.

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ARGUMENT

I. THIS COURT MAY CONSIDER "PURELY LEGAL ISSUES" NOT RAISED WITH THE LOWER COURTS

Petitioner's request for *certiorari* raises two related questions of exceptional importance to patent law jurisprudence—(1) whether the U.S. Court of Appeals for the Federal Circuit has improperly eroded or eliminated a patent-holder's Seventh Amendment right to a trial by jury by making the invalidity for indefiniteness of patent claims (35 U.S.C. § 112, ¶ 2) a pure question of law for the court, and (2) whether the Federal Circuit improperly treats invalidity for indefiniteness as a pure question of law, particularly where the issue is whether a claim limitation can be calculated or measured. (*See* Petition at i.)

As Petitioner explains, invalidity for indefiniteness should properly be a jury issue because, unlike claim construction, it involves complex factual issues regarding how a person of ordinary skill in the art understands the patent claims and specification. (*See id.* at 18-24.) That is particularly true in cases such as this, where the indefiniteness issue does not revolve around the *meaning* of a patent claim term, but instead whether a claimed property can be *measured* or *calculated* by a person of ordinary skill in the art. (*See id.*) Here, Petitioner submitted testimony from two such experts, which was disregarded by the District Court in favor of Respondents' attorney argument. The complex factual disputes in this case, however, and the disputes raised by Petitioner's expert testimony, should have precluded summary

judgment, and should have triggered Petitioner's right to a jury trial.

Petitioner concedes that it did not expressly raise these legal arguments with the District Court[1]—indeed, it would have been entirely futile to ask the District Court to rule contrary to Federal Circuit precedent. Accordingly, Petitioner disputed the Federal Circuit's standard for indefiniteness at its first opportunity—in its petition for rehearing *en banc* to the Federal Circuit.[2] (*See* Petition at 11.) Respondents' argument that by doing so, Petitioner has thus waived its arguments before this Court is erroneous.

It is well recognized that an appeals court may consider arguments not raised with the lower courts "to address plain errors or defects affecting substantial rights, especially where, as here, the argument has been fully briefed and involves a purely legal issue." *U.S. v. Wimbley*, 553 F.3d 455, 460 (6th Cir. 2009) (citations omitted, emphasis added). *See also Bellotti v. Baird*, 428 U.S. 132, 143-44 n.10 (1976) (purely legal issue may be raised for the first time on appeal); *Singleton v. Wulff*, 428 U.S. 106, 121 (1976) ("The matter of what questions may be

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1. Petitioner did raise with the District Court the much related issues of Respondents' high and unsupported burden of proof on indefiniteness and the impropriety of granting summary judgment in view of underlying factual issues.

2. Respondents argue that the question of whether indefiniteness is properly a pure question of law was never "considered" by the Federal Circuit because it issued its decision *per curiam*. The Federal Circuit, however, did necessarily consider the issue, given that it comprised an entire section of Petitioner's Federal Circuit *en banc* brief.

taken and resolved for the first time on appeal is one left primarily to the courts of appeals, to be exercised on the facts of individual cases. We announce no general rule.")

Indeed, purely legal issues such as those raised here are frequently and properly considered for the first time on appeal, given that it is often impractical to ask a district court to rule on a matter of binding precedent or constitutionality. *U.S. v. Ballek*, 170 F.3d 871, 873 (9th Cir. 1999) ("Ballek raises his Thirteenth Amendment argument for the first time on appeal. Because this is a purely legal question, we exercise our discretion to overlook Ballek's waiver of the issue."); *White v. Department of the Army*, 232 U.S. App. D.C. 34, 720 F.2d 209, 211 (D.C. Cir. 1983) (considering statutory interpretation not raised below is "particularly appropriate where, as here, the question is a purely legal one, the resolution of which would not be aided by any further factual development"); *Federal Election Comm'n v. Lance*, 635 F.2d 1132, 1136 (5th Cir. 1981) (en banc) (constitutional argument could be raised for the first time on appeal).

Here, Petitioner's questions presented involve pure issues of law. Moreover, the facts pertinent to these issues were fully developed below. Accordingly, the Supreme Court should exercise its discretion and consider the arguments raised in the petition for *certiorari*.

II. RESPONDENTS MISSTATE THE FEDERAL CIRCUIT'S PRECEDENT—INDEFINITENESS IS IMPROPERLY TREATED AS A PURE ISSUE OF LAW UNDER FEDERAL CIRCUIT LAW

In its cert petition, Petitioner explained in detail that (1) the Federal Circuit has unequivocally held that invalidity for indefiniteness (35 U.S.C. § 112, ¶ 2) is a pure question of law for the Court; (2) such a holding is unsupported by this Court's prior precedent and is inconsistent with other Federal Circuit law; and (3) the District Court in this case expressly and incorrectly treated the indefiniteness issue as a pure question of law, resulting in an erroneous judgment. (*See* Petition at 10, 12-15.)

In response, Respondents ignore the central issue raised in Petitioner's petition, i.e., whether invalidity for indefiniteness is properly treated as a pure question of law for the Court, or a question of law with underlying factual disputes. Indeed, Respondents apparently concede that indefiniteness should be treated as a question of law with underlying factual disputes. Respondents, however, go one step further and argue that the Federal Circuit already treats it as such. Respondents' argument in this regard is incorrect.

A. The Federal Circuit Incorrectly Changed Its Treatment of Indefiniteness After The Supreme Court's *Markman* Decision

The Federal Circuit significantly, and erroneously, changed its jurisprudence regarding indefiniteness in view of the Supreme Court's 1996 decision in *Markman v.*

Westview. Namely, in 2001 the Federal Circuit determined that indefiniteness should be treated the same way that the Supreme Court had decreed claim construction should be treated—as a pure issue for the Court, without any right to a jury trial. *See Exxon Research & Eng'g Co. v. United States*, 265 F.3d 1371, 1376 (Fed. Cir. 2001).

Prior to *Markman*, lower courts had typically treated indefiniteness under 35 U.S.C. § 112 as involving underlying factual issues for the jury. *See, e.g., Beachcombers v. Wildewood Creative Prods.*, 31 F.3d 1154, 1158 (Fed. Cir. 1994) (reviewing denial of judgment as a matter of law after jury verdict of no indefiniteness; standard of review was whether substantial evidence supported the jury's fact findings on indefiniteness); *Orthokinetics, Inc. v. Safety Travel Chairs, Inc.*, 806 F.2d 1565, 1576 (Fed. Cir. 1986) (reversing grant of JNOV after jury verdict of no indefiniteness; jury was entitled to rely on expert testimony of definiteness).

Indeed, even in the single pre-*Markman* case relied on by Respondents, indefiniteness was treated as a question of law with underlying factual issues, and it was not simply resolved by the Court on summary judgment. *See N. Am. Vaccine, Inc. v. Am. Cyanamid Co.*, 7 F.3d 1571, 1579 (Fed. Cir. 1993) (reversing finding of indefiniteness after bench trial that included expert testimony).

In 1996, however, the Supreme Court considered its seminal *Markman* decision on construction of patent claims. In that case, the Court held that claim construction is a pure procedural exercise for the Court. *See Markman v. Westview Instruments*, 517 U.S. 370, 388 (U.S. 1996). The Supreme Court held that a party does not have a right

to a jury determination on claim construction disputes. *See id.* Subsequently, it is recognized that regardless of any factual disputes, a party never has a right to a jury trial on claim construction disputes. *See Moba v. Diamond Automation*, 325 F.3d 1306, 1313 (Fed. Cir. 2003) ("Claim construction is a question of law and is not the province of the jury.").

In the 2001 *Exxon* decision, the Federal Circuit rolled-up indefiniteness into the claim construction inquiry. The Federal Circuit held that "a determination of claim indefiniteness is a legal conclusion that is drawn from the court's performance of its duty as the construer of patent claims." *Exxon*, 265 F.3d at 1376. Indeed, the current test for whether claims are indefinite is whether the claims "are not amenable to construction or are insolubly ambiguous." *Ultimax Cement Mfg. Corp. v. CTS Cement Mfg. Corp.*, 587 F.3d 1339, 1351 (Fed. Cir. 2009). Notably, Petitioner has not found any Federal Circuit cases pre-*Markman* that had applied a claim-construction-like test as in *Exxon* to indefiniteness.[3] In short, contrary to Respondents' arguments, the Federal Circuit fundamentally altered its test for indefiniteness after *Markman*.

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3. Respondents allege that the test for indefiniteness has never changed, that it is "whether those skilled in the art would understand the scope of the claim when the claim is read in light of the specification." (Resp. Opp. at 3.) While it is true that this has always been the overall test, however, the Federal Circuit has only articulated its "amenable to claim construction" test as a more specific test for determining indefiniteness post-*Markman*. Moreover, in cases such as this, the central indefiniteness question—whether a claimed property can be measured or calculated—has only been improperly treated as a pure legal issue post-*Markman*.

B. Under The Federal Circuit's Current Law, Indefiniteness Is Never Subject To Underlying Issues of Fact

Respondents are also fundamentally incorrect in arguing that the Federal Circuit currently recognizes that indefiniteness can sometimes be a question of law with underlying factual issues. (*See* Resp. Opp. at 4-8.)

In *Exxon*, the Federal Circuit expressly (but incorrectly) stated that indefiniteness is always a pure question of law with no underlying issues of fact—*Exxon* was not merely a narrow, fact-specific holding as Respondents allege:

> Despite a multitude of recent authorities stating that indefiniteness is a question of law, Exxon contends that indefiniteness depends on underlying questions of fact. It argues that in this case there is a genuine issue of material fact as to whether the claims of the two patents at issue, read in light of their specifications, reasonably apprise those skilled in the art of the scope of the invention. . . . We adhere to the principle that "determination of claim indefiniteness is a legal conclusion that is drawn from the court's performance of its duty as the construer of patent claims." . . . We therefore reject Exxon's argument that the issue of indefiniteness turns on an underlying factual dispute that should not have been resolved as a matter of law on summary judgment.

Exxon, 265 F.3d at 1376 (emphasis added).

Subsequent Federal Circuit and district court decisions confirm that *Exxon*'s holding broadly applies to any indefiniteness inquiry. *See, e.g., Baker Hughes, Inc. v. Davis-Lynch, Inc.*, 31 Fed. Appx. 650, 654 (Fed. Cir. 2002) (nonprecedential) ("Whether a claim has indeed failed to disclose sufficient structure, and is thus indefinite, is a question of law which we review de novo. We have specifically rejected the contention that this process involves underlying issues of fact."); *Wellman, Inc. v. Eastman Chem. Co.*, 689 F. Supp. 2d 705, 720 (D. Del. 2010) ("The Federal Circuit has held that it is appropriate to render a patent invalid for indefiniteness even in the presence of an underlying factual dispute."); *Romala Stone, Inc. v. Home Depot U.S.A., Inc.*, 2007 U.S. Dist. LEXIS 73098, 17-18 (N.D. Ga. Sept. 28, 2007) ("The Federal Circuit Court of Appeals has rejected the argument that claim construction turns on underlying factual disputes and has reaffirmed its holding that claim construction is a purely legal determination.") (internal citations omitted).

Respondents' attempts to argue otherwise are inapposite, and are based entirely on (1) dicta; (2) a holding on an unrelated issue (i.e., whether it is permissible (rather than required) to give the indefiniteness issue to the jury); (3) a pre-*Exxon* district court decision; and (4) a single outlier district court decision that failed to consider *Exxon*.

For example, in *Green Edge*, the Federal Circuit relied entirely on the law that "a showing of indefiniteness requires clear and convincing evidence" in affirming the district court's denial of summary judgment of indefiniteness. *See Green Edge Enters., LLC v. Rubber*

Mulch Etc., LLC, 620 F.3d 1287, 1299 (Fed. Cir. 2010). The Federal Circuit's statement that indefiniteness is a "question of law with underlying factual determinations" was merely dicta, and failed to consider *Exxon* or its progeny. *See id.*

Likewise, in *BJ Services*, the Federal Circuit was merely considering whether it was permissible to give the issue of indefiniteness to the jury as a matter of the Court's discretion. *See BJ Servs. Co. v. Halliburton Energy Servs., Inc.*, 338 F.3d 1368, 1372 (Fed. Cir. 2003). The Federal Circuit did not consider whether underlying factual disputes required the Court to give the question of indefiniteness to the jury, or whether such underlying factual disputes would preclude summary judgment. Indeed, the Court in *BJ Services* could have simply overturned the jury verdict. Accordingly, lower courts have reconciled *BJ Services* and *Exxon* by explaining that (1) *BJ Services* permits a court to give indefiniteness to a jury, but (2) *Exxon* mandates that a party is not entitled to a jury trial on indefiniteness, regardless of underlying factual issues. *See, e.g., Fujitsu Ltd. v. Tellabs Operations, Inc.*, 2011 U.S. Dist. LEXIS 35286 (N.D. Ill. Mar. 31, 2011) ("In *BJ Services*, the Federal Circuit . . . did not discuss whether such factual issues preclude summary judgment on the definiteness issue."). In other words, *Exxon* held that factual disputes can never preclude summary judgment on indefiniteness and result in a jury trial, and *BJ Services* never held to the contrary.[4]

4. Petitioner does not agree that *BJ Services* holds, contrary to *Exxon*, that indefiniteness entails underlying issues of fact for a jury. Even if true, however, that would mean that the Federal Circuit's law is inconsistent, requiring the Supreme Court to resolve the issue.

Further, Respondents rely on two district court cases that purportedly have treated indefiniteness as a question of law with underlying factual issues. (*See* Pet. Opp. at 4-5.) Respondents, however, ignore that the first case, *Systems Management Arts*, was decided before the Federal Circuit's September 2001 *Exxon* decision. *See System Mgmt. Arts, Inc. v. Avesta Techs., Inc.*, 137 F. Supp. 2d 382 (S.D.N.Y. 2001). Meanwhile, the *Dow Chemical Co.* decision, relying primarily on the *System Management* decision and never citing the Federal Circuit's *Exxon* decision, is an outlier decision, which directly contradicts the Federal Circuit's current law. *See Dow Chem. Co. v. Nova Chems. Corp. (Canada)*, 629 F. Supp. 2d 397, 404 (D. Del. 2009).

III. THE DISTRICT COURT IMPROPERLY RESOLVED INDEFINITENESS AS A PURE ISSUE OF LAW AND RULED ON FACTUAL ISSUES

Even if Respondents were correct that Federal Circuit law does recognize underlying issues of fact on indefiniteness, there is no question that the District Court did not do so. In its decision granting summary judgment of indefiniteness, the District Court relied heavily on the Federal Circuit's *Exxon* decision and stated that:

> Whether a particular patent is invalid for indefiniteness presents a question of law, because claim indefiniteness is a legal conclusion that is drawn from the court's performance of its duty as the construer of patent claims. Indefiniteness remains a matter of law, and the proper province of the court, even when

> the determination of claim's indefiniteness depends on an underlying issue of fact. In such circumstances the court will consider those underlying factual issues and rule on indefiniteness as a matter of law on summary judgment.

(Petition App. at 35a-36a.) (emphasis added).

Contrary to Respondents' characterizations, the District Court did not determine that no underlying factual disputes existed because Petitioner's evidence was allegedly conclusory or contradicted by the patents or prior testimony. Rather, the District Court weighed that testimony as a factual matter and nevertheless granted summary judgment. (*See* Petition App. at 12c (considering Petitioner's expert testimony as "less significant" than Respondents' arguments regarding the intrinsic evidence).) The Federal Circuit subsequently affirmed, and did not find that the District Court should have given those underlying factual issues to the jury. By doing so, the District Court and the Federal Circuit improperly denied Petitioner its Seventh Amendment right to a trial by jury, and continued to incorrectly treat indefiniteness as a pure issue of law.

CONCLUSION

To give proper direction to the Federal Circuit and to the public on important patent rights and the proper framework for determining patent invalidity for indefiniteness, the petition for a writ of certiorari should be granted.

Respectfully submitted,

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